

### 3. ACCOUNTING

#### 3.8 Expenditures

#### 3.8.7 Redeemed Warrants/Cancelled Checks

- 3.8.7.10 Due to many local governments no longer receiving redeemed warrants and canceled checks from their financial institutions the following is guidance which pertains to such effected entities.
- 3.8.7.20 The State Auditor's Office recommends local governments receive and retain all redeemed warrants and canceled checks from public accounts as part of their public records. This may be either the original (actual) document or *read-only* (certified electronic format). Those entities using the county as their fiscal agent may continue allowing the county to maintain these documents.
- 3.8.7.30 The reasons for this recommendation are twofold:
1. Receiving and reviewing these documents is an integral part of the entities internal control system. Many disbursement frauds may be detected by having an independent party scan the front and back of all redeemed warrants and canceled checks.
  2. Our office is responsible for auditing the receipt, safekeeping and disbursements of public funds. To fulfill this responsibility, we must have access to all original source documents, including redeemed warrants and canceled checks.
- 3.8.7.40 The SAO recognizes a small cost may be associated with receiving these documents from your financial institutions. However, this cost will be substantially less than costs associated with the SAO requesting these documents during an audit.